

Page Denied

SUBSCRIBER COPY
NOT FOR RESALE

Far Eastern Economic REVIEW

SINGAPORE:

Enter State Banking

HONGKONG:

US Textiles War

SINGAPORE-MALAYSIA:

Forging New Ties

PAKISTAN

NEPAL

BHUTAN

SIKKIM

BANGLADESH

GOA

SRI LANKA

MRS GANDHI'S FOREIGN THREATS THE HINDU IMPERATIVE

Australia A\$2.20 — Bangladesh Taka 26 — Brunei B\$4 — Burma Kyats 5 — Canada C\$2.75 — China US\$1.75 — France Fr 15 — Holland G 7 — Hongkong HK\$12 — India Rs 22 — Indonesia Rps 2000
Japan ¥600 — Korea Won 1200 — Laos US\$1.75 — Malaysia M\$4.50 — Nepal Rs 20 — New Zealand NZ\$2.20 — Pakistan Rs 20 — PNG Kina 1.50 — Philippines P 16 — Saudi Arabia SR 10
Singapore S\$4 — Spain P 270 — Sri Lanka Rs 30 — Sweden SKr 23 — Taiwan NT\$70 — Thailand Baht 40 — U.K. £1.70 — U.S.A. US\$2.50

CIA no, US did yes

Washington has decided not to unleash its covert agents in Cambodia, but is boosting financial help

By Nayan Chanda in Washington

Should the CIA be permitted to play an active role in its old Indochina stomping ground — this time in support of the non-communist Cambodian resistance opposing the Vietnamese-backed Heng Samrin regime in Phnom Penh?

Washington has decided the answer is no, but under pressure from Asean the United States has more than doubled its financial assistance to the resistance forces. Anxious to avoid controversy over a new American involvement in Indochina, Washington has devised ways of indirect help, which would not link the US to the resistance's military activity.

In the course of a long policy debate held in late June, the REVIEW has learned, the administration of President Ronald Reagan rejected the idea of direct US military support for the non-communist resistance forces, which comprise two of three factions of the Democratic Kampuchea coalition. Instead, it decided to help the resistance financially, thus releasing Asean funds to buy weapons and munitions.

The US has turned down an Asean request for covert military assistance to the non-communists, partly because it does not want to risk the kind of embarrassment which resulted from the exposure of the CIA's covert assistance to Nicaragua's "Contras" — anti-communist forces fighting the communist

government in that country — and the public outcry over "another Vietnam" in Central America. "The Americans told us covert aid is simply not on because it won't stay covert," said one Asean source.

But, more importantly, Asean sources said, the US fears that direct military support for the non-communists might begin a chain of events that could lead Washington down the road to direct military involvement in Cambodia, a situation which has come to be known as the "Vietnam syndrome." However, the administration has informed Asean that it is willing to double its assistance to the resistance — bringing it, according to one estimate, to around US\$15 million — but strictly for non-lethal procurement.

State Department sources say that the supply of guns is not its top priority in improving the effectiveness of the non-communist resistance. More important, they say, is recruitment, training, motivation and organisation. "How much money are we talking about when one thinks of arming the KPNLF [Khmer People's National Liberation Front] and Moulinaka — 18-20,000 men? Singapore's budget can cover that without problem," said one source. What the US has been doing, he said, is to provide a "fungible fund for non-lethal purchases, which would release the Asean aid money to-

The word "fungible" can refer to a part of which may be used to replace another in the discharge of a debt. Washington bureaucrats dealing with Cambodia use the word to refer to funds which might ultimately be used for purposes other than those officially stated. Official sources are reluctant to discuss how "fungible" aid is being provided to the Cambodian resistance forces, but it is believed to come from the CIA's covert-operation fund and channelled to the resistance through a number of Asean countries. Money earmarked for "humanitarian assistance," for example, is handed over to Asean countries, who use an equivalent sum from their own budgets to buy weapons and ammunition for the resistance.

Apart from the CIA money, US\$5 million in economic-support funds provided to Thailand by the US to help people affected by the war along the Thai-Cambodian border is believed to be another "fungible fund" meant for use by the resistance. Since the amount is a contribution to the Thai budget and no accounting is required by US law as to how it is used, the Thais could provide all or part of it to the resistance.

The US administration is less shy about talking of another type of assistance to the resistance, channelled through international organisations such as the United Nations Border Relief Operations (Unbro) and the International Committee of the Red Cross (ICRC). At a recent background briefing for the press, a senior State Department official said the US did not provide weapons of any kind to the resistance, but "we do provide various financial contributions including, most

16 AUGUST 1984 • FAR EASTERN ECONOMIC REVIEW

Border Relief Operation and to the International. Approved For Release 2008/12/22 : CIA-RDP90B01370R000400640035-0

While it has been known for some time that the Unbro fund has been used to feed Khmer refugees along the Thai border, including families of the Khmer Rouge — the communist faction of the Democratic Kampuchea coalition — and non-communist resistance forces, this appears to be the first time a senior US official has publicly admitted using a UN agency and the Red Cross for this purpose.

In 1984 the US contributed US\$11.3 million to these two organisations. In the 1984 fiscal year ending in September, the US has so far contributed US\$8 million to Unbro and US\$1.5 million to the ICRC. It is expected to contribute a further sum in the forthcoming Unbro pledging conference.

Informed sources said the US has also been helping the resistance by



PREM AND REAGAN: SEEKING SUPPORT.

FAR EASTERN ECONOMIC REVIEW • 16 AUGUST 1984

including cassettes of anti-Vietnamese songs for distribution in Cambodia.

The US first provided assistance — valued at about US\$4 million — to the Cambodian resistance in 1982, when the Democratic Kampuchea coalition was formed. In fact, the promise of US material support was an important inducement in bringing the non-communist coalition factions, led by Prince Norodom Sihanouk and Son Sann, the coalition prime minister, together with the Khmer Rouge.

However, the low level of US assistance, spent mostly on food, medicine and to pay for diplomatic representation and propaganda for the Sann and Sihanouk factions, was resented by the Asean countries. It was considered to be a token effort, aimed at veiling Washington's reluctance to take an active role in supporting the resistance.

US parsimony towards the resistance, and its distant posture, also stood in sharp contrast with the massive support being given the Khmer Rouge by China. There was increasing concern among Asean countries that such lopsided support for the Khmer Rouge would defeat the main objective of Asean's strategy — to build the non-communist resistance into a credible force so that Vietnam would agree to negotiate a settlement with them.

During his trip to Washington in January, Malaysian Prime Minister Datuk Seri Mahathir Mohamad urged Reagan to increase US support for the non-communist resistance, especially the Sihanoukist faction. On a visit to the US in April, Thai Prime Minister Prem Tinsulanond also pressed for in-

And in early May, participants in the ministers' meeting in Jakarta decided to make a collective plea to Washington for an increase in such assistance. This pressure and the need to respond to Asean during the post-ministerial Asean meeting with US Secretary of State George Shultz in early July, led to the review of US policy on the question.

The reviewers reportedly favoured increasing non-lethal assistance but recommended staying clear of any military operations. Some CIA and US Defence Department analysts are believed to have called for US military assistance in order to develop the KPNLF and Sihanoukist forces into a credible political-military force. This would not only reduce the chance of a Khmer Rouge return, they argued, but also check growing Chinese presence and influence in Thailand, thereby avoiding the disaffection of Indonesia and Malaysia, who are especially concerned about China's long-term intentions in the region.

The main opposition to this seems to have come from the State Department, which believes US military involvement would turn the conflict into an East-West conflict, and thus could only further complicate the search for a political settlement in Cambodia. Officials believe that, unlike in Central America where nobody but the US is willing to provide help to anti-communist forces, Asean has been successful in mobilising resources and opinion in favour of the Cambodian resistance, and that this makes direct US involvement unnecessary.

State Department officials argue that countries such as Thailand and Singapore press for US military support not because they cannot provide it

themselves, but because they want the attendant US guarantee that it would stand behind Thailand if increased military pressure on Vietnam along the Thai-Cambodian border provoked a Vietnamese military reprisal against Thailand. And the US should avoid such a commitment, they argue, precisely to avoid the possibility of having to deploy troops again in Indochina. Instead, they favour stepping up the US financial contribution to encourage Asean to persist in its course without escalating the conflict.

The White House strategists, with their eyes fixed on the November presidential election, seem to agree with the State Department's cautious approach. Reagan's interest in securing Vietnamese cooperation in accounting for American servicemen missing in action in Vietnam also fits in with this low-key position.

However, it would not be surprising if, assuming Reagan is re-elected in November, his administration decided to further increase its non-lethal participation in the Cambodian resistance. As one top policy planner explained in a background interview with selected American journalists: "Since money is fungible, if they [Asean countries] have to do less of one kind of thing that we're in a position to do and can do, then that gives them the ability to use their resources in other ways — perhaps to buy guns."

The same official held out the possibility of greater US help once Asean had drawn up an assessment of how many men could be recruited for the resistance if help were available. The official said: "If they [Asean] develop a reasonable plan [to expand the resistance] and there's a way we can help in it within a framework of what our policies are, then we will certainly consider it because we'd like to see them be successful."

Sources say that while Asean is pleased with the increased US assistance, it is still pressing Washington to play a more active diplomatic role. During their talk with Shultz in Jakarta, Asean leaders told him that the Cambodia problem cannot be solved until Vietnam's security, which Hanoi argues is threatened by China along the two countries' mutual border, is guaranteed. And only the US, they argue, is in a position to help provide such a guarantee through diplomatic initiatives with both China and Vietnam.

Asean has specifically asked Shultz to raise the issue with China. In other words, Asean wants the US to take the lead rather than claim to follow Asean on the Cambodia question. But sources say that because of its global strategic concern in keeping China on its side, the US is unlikely to heed Asean advice. Asean may have to be content with only the fungible funds and the US promise of: "We follow your lead." □